Individual Manager Description and Performance

MDP II Program

1. <u>Piedmont Investment Advisors – U.S. Equity</u>

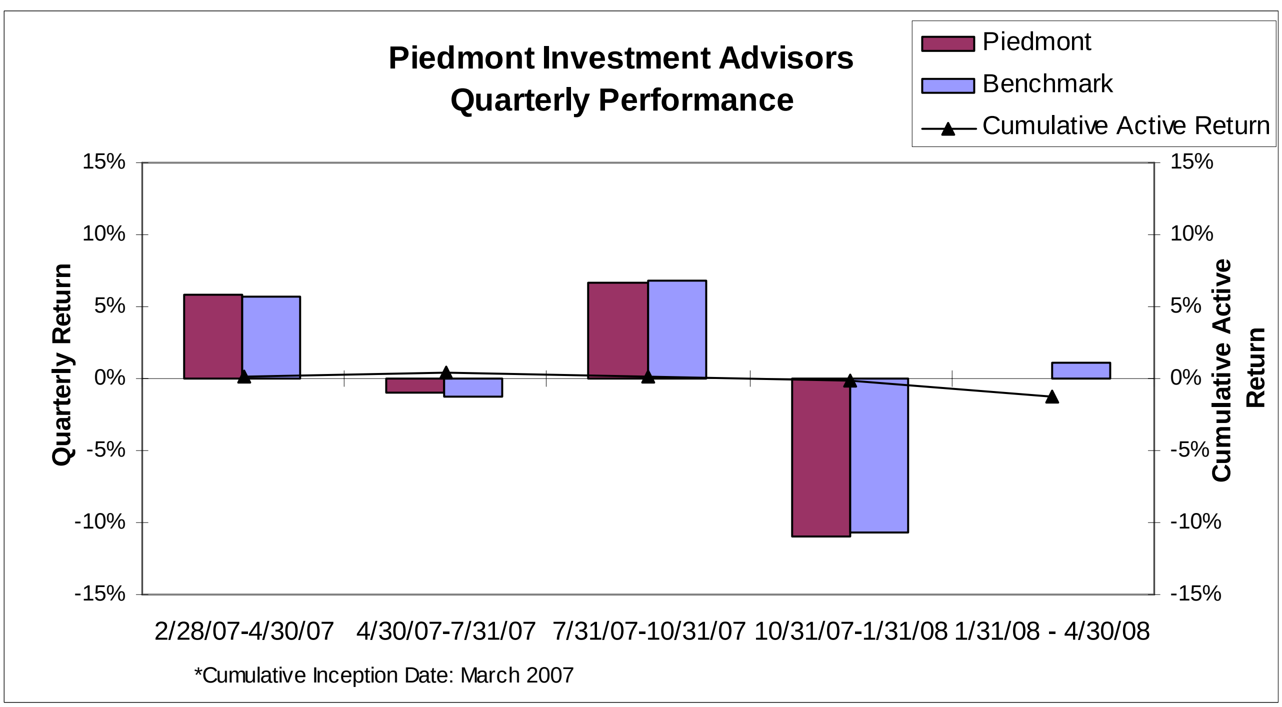
Piedmont Investment Advisors uses a quantitative approach based on an alpha forecast model for the universe of stocks in the S&P 500. The factors that comprise the model rank stocks by industry and sectors. Monthly regressions are used to determine the weights of the factors in the model. An optimizer is used to determine the appropriate weights and risk-return characteristics for the portfolio.

Funded on March 1, 2007, Piedmont's enhanced index product had outperformed its benchmark until early 2008. The majority of the recent underperformance can be attributed to the month of January 2008 when the market reversal caused most quantitative managers to underperform. As of December 31, 2007, Piedmont had been outperforming their benchmark by 1.34%. Assets managed for CalPERS as of April 30, 2008 were $205 million.

Time Period	Manager Annualized Return	Benchmark Annualized Return	Excess Return
FYTD 2008*	-7.72%	-6.40%	**-1.32%**
One Year	-5.93%	-4.63%	**-1.30%**
Since Inception	-0.39%	0.65%	**-1.04%**

**through April 30, 2008; performance is net of management fee.*

The chart below shows Piedmont Investment Advisor's performance versus its benchmark. The axis on the left measures the manager's quarterly performance against its benchmark. The right axis measures Piedmont's cumulative performance relative to its benchmark.



2. Redwood Investments – U.S. Equity

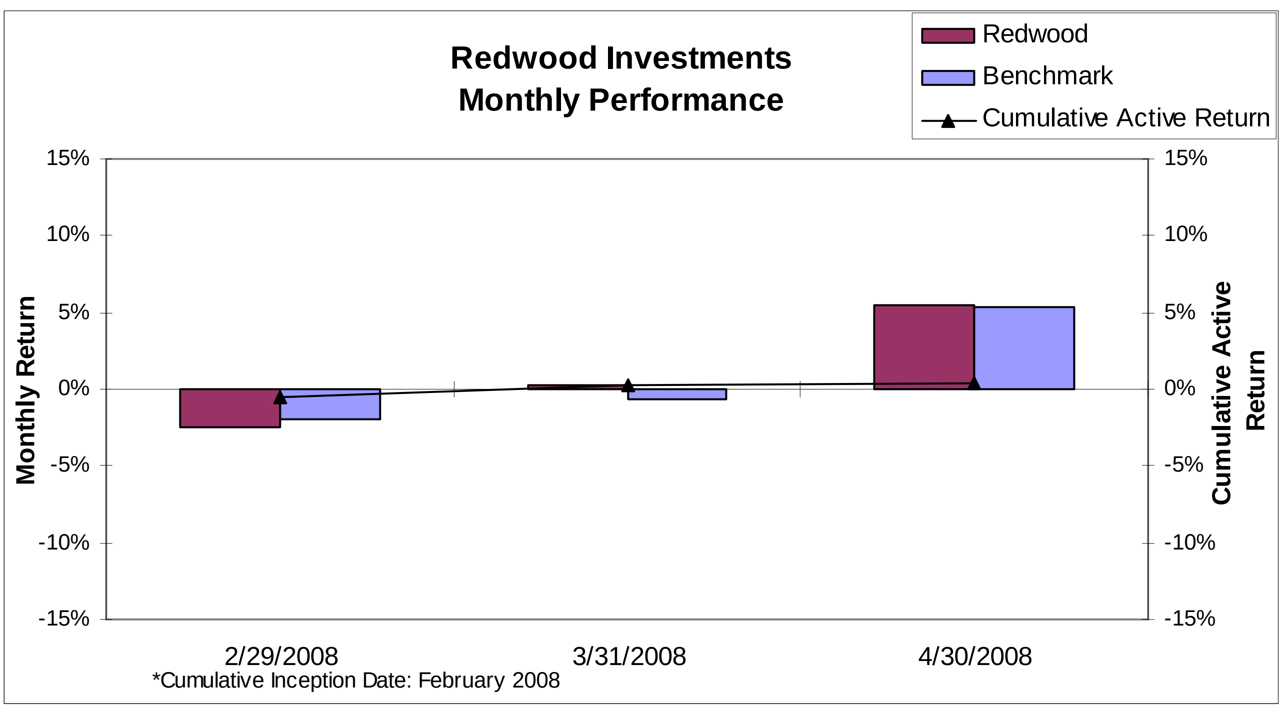
Redwood is a fundamental, bottom-up manager whose philosophy is centered on investing in companies demonstrating strong fundamentals, attractive valuation, and high quality. Their process utilizes a combination of fundamental and quantitative techniques which includes a stock ranking methodology that seeks to contribute value by differentiating between the best and worst performing stocks. Superior stock selection is the primary alpha driver for Redwood's portfolio.

Redwood was recently funded on February 1, 2008. During this three month period, Redwood outperformed their benchmark by 0.41%. Assets managed for CalPERS as of April 30, 2008 were $206 million.

Time Period	Manager Return	Benchmark Return	Excess Return
Since Inception*	3.06%	2.65%	**0.41%**

**through April 30, 2008; Performance is net of management fee.*

The chart below shows Redwood Investment's performance versus its benchmark. The axis on the left measures the manager's monthly performance against its benchmark. The right axis measures Redwood's cumulative performance relative to its benchmark.



3. Quotient Investors – U.S. Equity

Quotient uses a quantitative investment process that builds portfolios using proprietary alpha, risk, and transaction costs forecasts. Alpha forecasts use multiple factors from value, growth, GARP, momentum, sentiment, and technical categories. Alpha factors are combined into proprietary industry specific models that use a unique formulation of factors for each industry group. The investment process uses portfolio optimization and risk modeling to control risk in the portfolios.

Quotient was recently funded with a large cap product and a small cap product on March 1, 2008. Assets managed for CalPERS as of April 30, 2008 were $103 million in the large cap portfolio and $50 million the small cap portfolio.

Performance Evaluation:

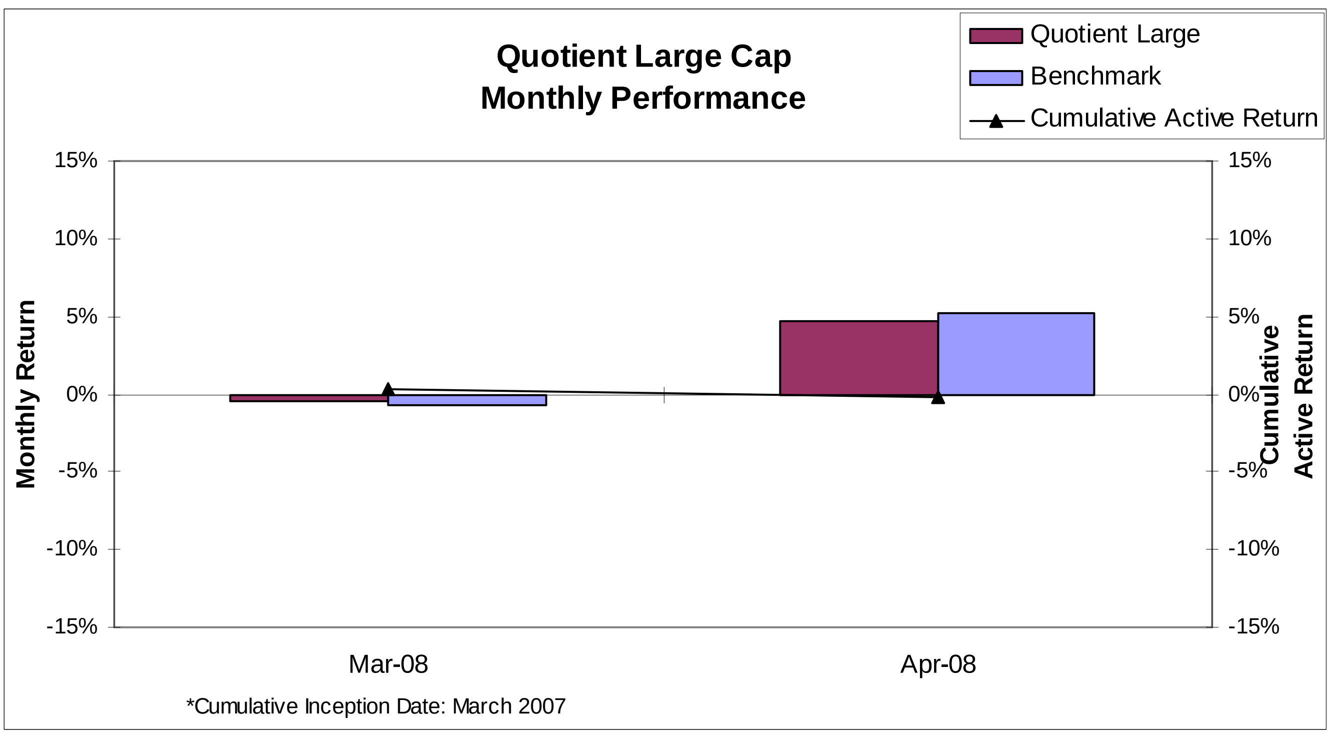
Large Cap	Manager Return	Benchmark Return	Excess Return
Since Inception	4.28%	4.47%	**-0.19%**

**through April 30, 2008; performance is net of management fee.*

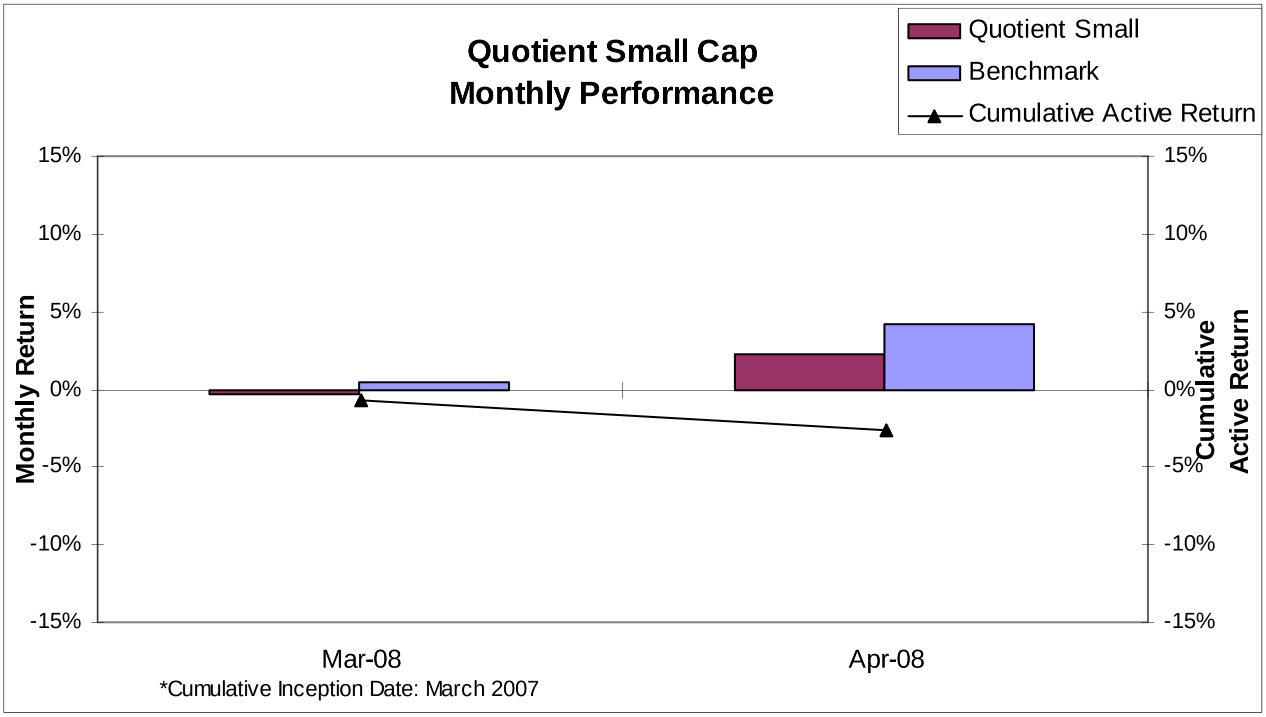
Small Cap	Manager Return	Benchmark Return	Excess Return
Since Inception	2.02%	4.61%	**-2.59%**

**through April 30, 2008; performance is net of management fee.*

The chart below shows Quotient Large Cap's performance versus its benchmark. The axis on the left measures the manager's monthly performance against its benchmark. The right axis measures Quotient's cumulative performance relative to its benchmark.



The chart below shows Quotient Small Cap's performance versus its benchmark. The axis on the left measures the manager's monthly performance against its benchmark. The right axis measures Quotient's cumulative performance relative to its benchmark.



MDP I Program

4. <u>Arrowstreet Capital – All World ex-U.S. Equity</u>

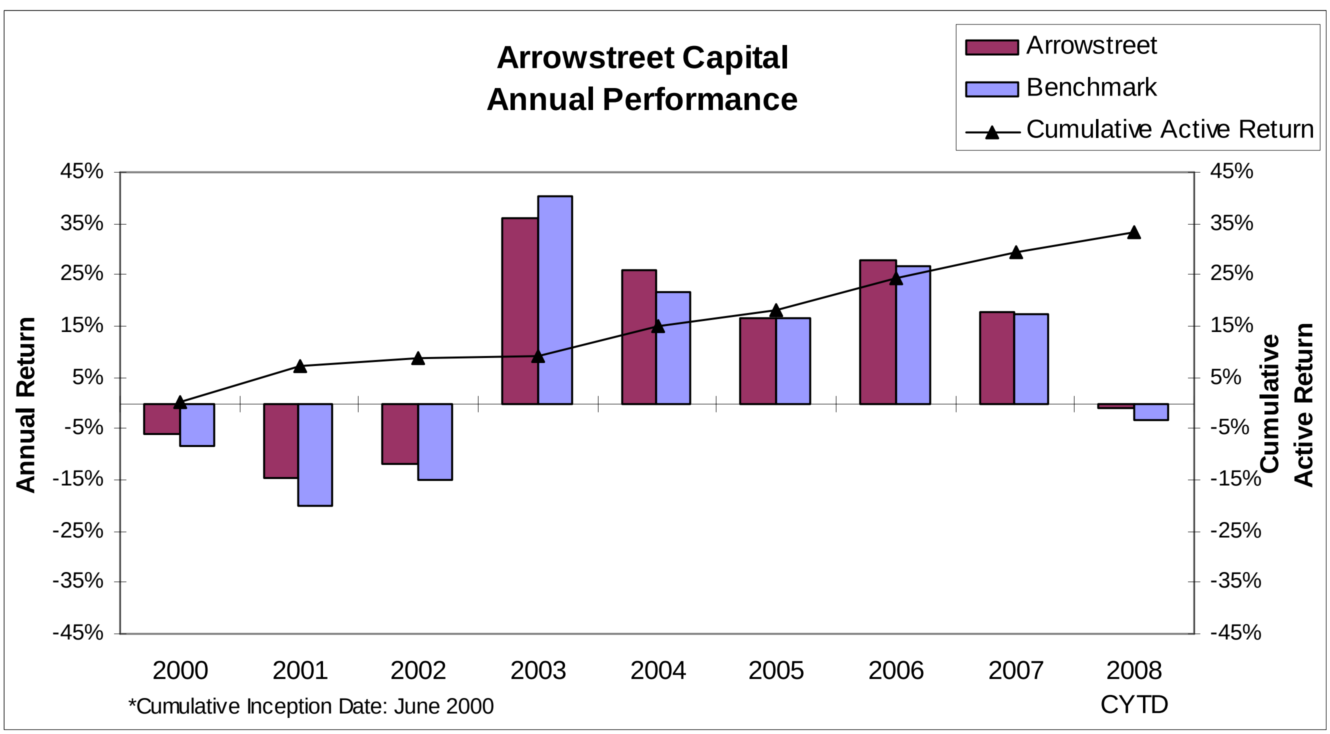
Arrowstreet uses a quantitative approach to evaluate a large universe of international equity securities for multiple sources of excess return, including both behavioral and informational factors such as valuation, momentum, market capitalization or size, and estimate revision growth. The return factors can be broadly defined as either top down or bottom up. Top down measures relate to either country or sector, while bottom up measures refer to specific companies or a basket of stocks. An optimal portfolio is developed using a proprietary optimization process that evaluates the trade off between forecast return for each security, several measures of risks, and transaction costs, as well as any defined client constraints.

From June 1, 2000 inception through April 30, 2008, Arrowstreet has outperformed its benchmark by 2.37% on an annualized basis. This outperformance was due to both the strategy's basket and stock selection, a result of the effectiveness of the firm's forecasting model. Assets managed for CalPERS in the MDP as of April 30, 2008 were $213 million.

Time Period	Manager Annualized Return	Benchmark Annualized Return	Excess Return
FYTD 2008*	-1.30%	0.40%	**-1.70%**
One Year	2.94%	3.99%	**-1.05%**
Since Inception	9.92%	7.55%	**2.37%**

**through April 30, 2008; performance is net of management fee.*

The chart below shows Arrowstreet Capital's performance versus its benchmark. The left axis measures annual performance; the right axis measures cumulative performance.



5. <u>Denali Advisors – U.S. Equity</u>

Denali's quantitative, value oriented strategy uses a return factor model to estimate the individual expected returns of the largest 3,000 stocks in the U.S. The regression model is comprised of 47 factors that describe investor behavior and the forecast model uses slightly fewer factors to forecast stock payoffs. The expected returns are imported into an optimizer to maximize the expected alpha while minimizing risk relative to the benchmark. The firm controls active relative exposures primarily with a BARRA optimization model. Portfolios are generally re-balanced monthly.

Denali's large cap portfolio was funded May 1, 2001. Despite the improved performance in 2007, Denali's Large Cap Value portfolio underperformed the benchmark by -3.02% in the first four months of 2008. The strategy tends to have a strong tilt towards relative strength and stocks with higher volatility, which didn't work during the market reversal in January. The majority of the underperformance in 2008 was in the first quarter with Denali performing in line with the benchmark during the month of April 2008.

Denali's Mid Cap Value portfolio was funded October 1, 2007. January's underperformance had a larger impact on the Mid Cap product's since inception performance. Denali Mid Cap had been outperforming their benchmark by 2.3% as of December 31, 2007. Assets managed for CalPERS as of April 30, 2008 were $91 million in the large cap portfolio and $79 million in the mid cap portfolio.

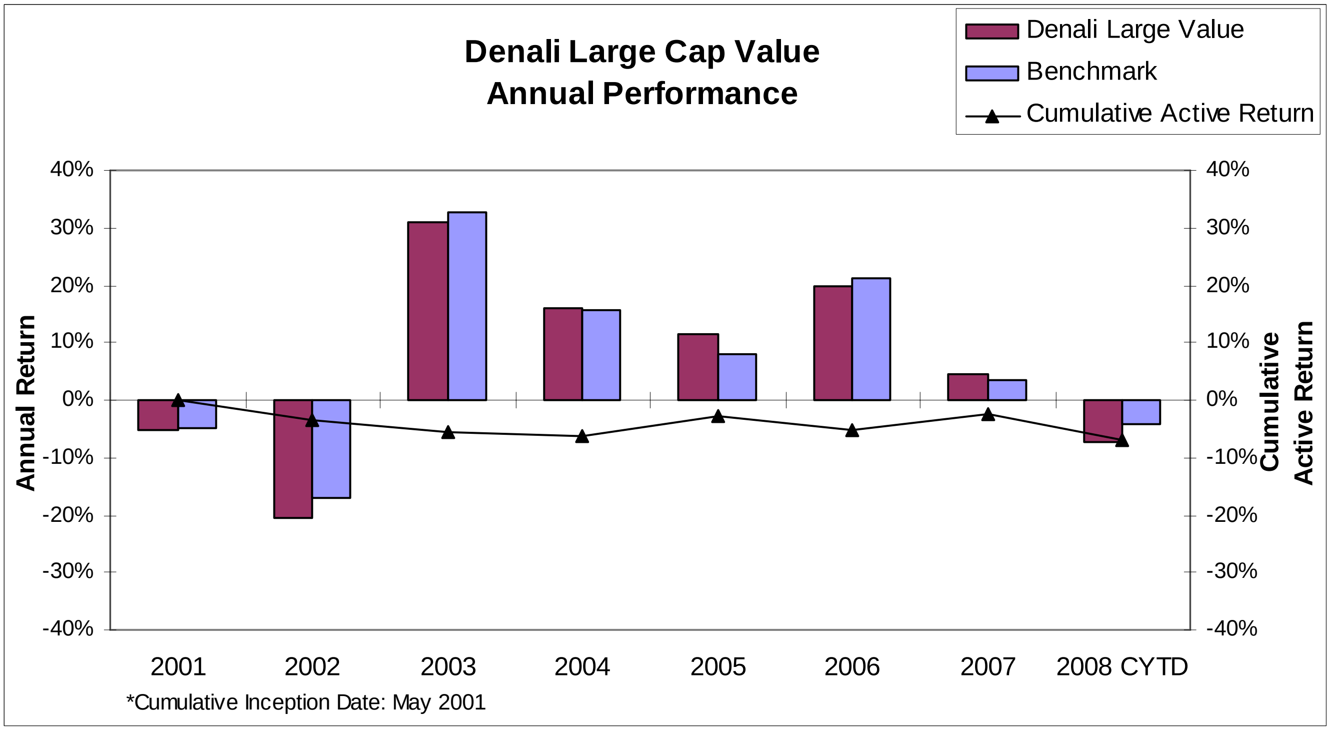
Large Cap Value	Manager Annualized Return	Benchmark Annualized Return	Excess Return
FYTD 2008*	-10.50%	-8.94%	**-1.56%**
One Year	-9.04%	-7.22%	**-1.82%**
Since Inception	5.77%	6.48%	**-0.71%**

**through April 30, 2008; performance is net of management fee.*

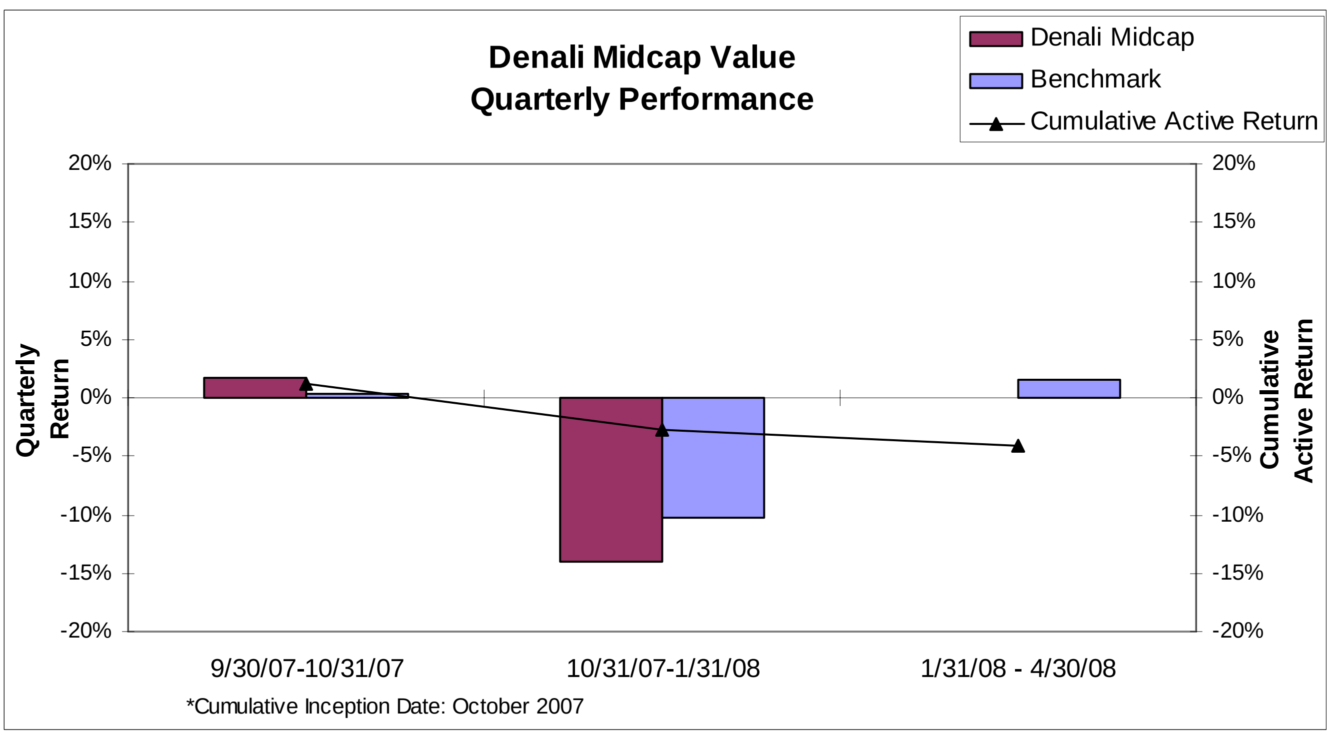
Mid Cap Value	Manager Annualized Return	Benchmark Annualized Return	Excess Return
Since Inception	-12.64%	-8.54%	**-4.10%**

**through April 30, 2008; performance is net of management fee.*

The chart below shows Denali Investment Advisors' performance for the large cap portfolio versus its benchmark. The axis on the left measures the manager's annual performance against its benchmark. The right axis measures Denali's cumulative performance relative to its benchmark.



The chart below shows Denali Mid Cap's performance versus its benchmark. The axis on the left measures the manager's quarterly performance against its benchmark. The right axis measures Denali's cumulative performance relative to its benchmark.



6. LM Capital Management – U.S. Fixed Income

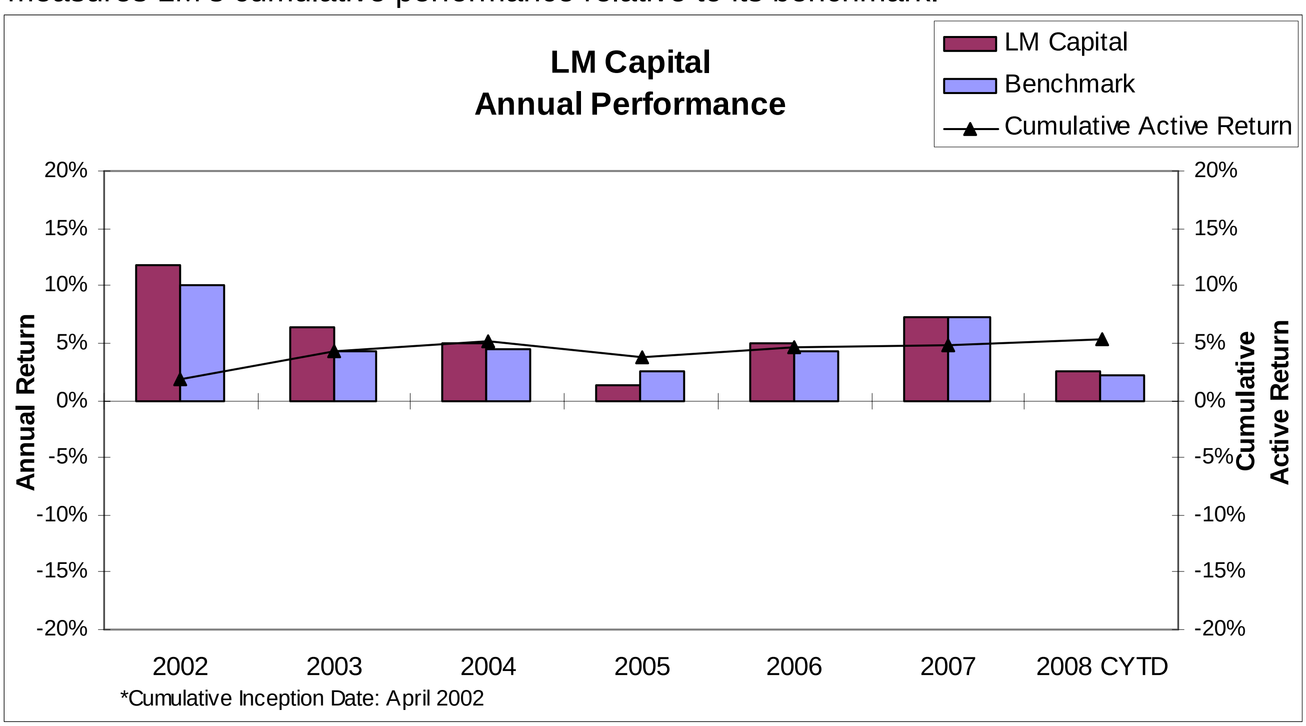
LM Capital utilizes long-term macro-economic, fundamental investment analysis incorporating Global Scenario Planning (GSP) to construct a concentrated fixed income portfolio. GSP is subdivided into five sequential steps: Matrix Construction, Trend Identification, Portfolio Construction, Security Selection and Situation Analysis. Factors included in GSP include inflation, employment, trade balance, budget deficit/surplus, and GDP growth. LM screens securities based on creditworthiness, duration, call features, quality and yield to maturity. LM uses technical analysis to gauge current market sentiment and relative strength to identify tactical entry and exit points. The manager primarily invests in investment grade securities, while opportunistically investing in a limited amount of non-investment grade and international fixed-income securities.

LM has outperformed its benchmark by 0.66% annualized since it April 1, 2002 inception. This outperformance is primarily attributable to sector allocations decisions. In anticipation of a continuation of the slowing economy, LM Capital made adjustments to their portfolio duration late in the fourth quarter, which had a positive impact on performance for the first quarter with LM outperforming its benchmark by 0.29% calendar year to date. Assets managed for CalPERS as of April 30, 2008 were $208 million.

Time Period	Manager Annualized Return	Benchmark Annualized Return	Excess Return
FYTD 2008*	8.36%	8.59%	**-0.23%**
One Year	7.29%	7.35%	**-0.06%**
Since Inception	6.40%	5.74%	**0.66%**

**through April 30, 2008; performance is net of management fee.*

The chart below shows LM Capital's performance versus its benchmark. The axis on the left measures the manager's annual performance against its benchmark. The right axis measures LM's cumulative performance relative to its benchmark.



7. <u>Pyrford International PLC – Developed Markets International Equity</u>

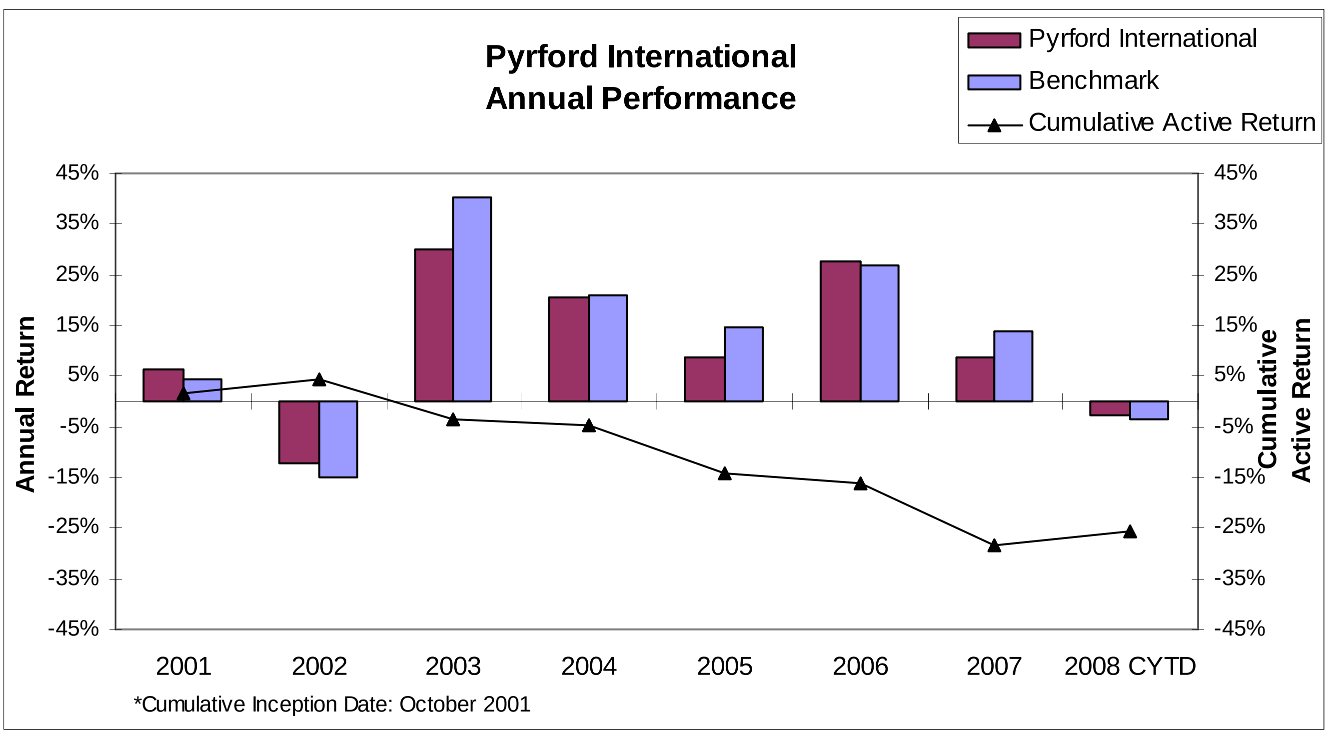
Pyrford employs a value driven fundamental analysis at both the country and stock level, but emphasizes country selection. Portfolios are constructed based on account liquidity and absolute volatility, with country weights independent of benchmark weights. Country allocations are based on relative earnings growth forecasts for each market within Pyrford's universe. Stock selection is based primarily on five-year projected earnings growth, as well as dividend yield.

Pyrford's long-term underperformance (November 1, 2001 inception) is due to the firm's top-down, long-term value approach, which resulted in a very large underweight to Japan. This underweight contributed to over 75% of Pyrford's overall underperformance in 2003 and 2005. Pyrford recently implemented enhancements to the investment process, adding a bottom-up component focusing on stock selection, thus reducing somewhat the size of its country mis-weights relative to the benchmark. Performance has begun to improve with Pyrford outperforming its benchmark by 1.48% fiscal year to date as of April 30, 2008. Assets managed for CalPERS as of April 30, 2008 were $103 million.

Time Period	Manager Annualized Return	Benchmark Annualized Return	Excess Return
FYTD 2008*	-0.35%	-1.83%	**1.48%**
One Year	-0.22%	0.78%	**-1.00%**
Since Inception	12.52%	14.48%	**-1.96%**

**through April 30, 2008; performance is net of management fee.*

The chart below shows Pyrford International's performance versus its benchmark. The axis on the left measures the manager's annual performance against its benchmark. The right axis measures Pyrford's cumulative performance relative to its benchmark.



8. Rigel Capital Management – U.S. Equity

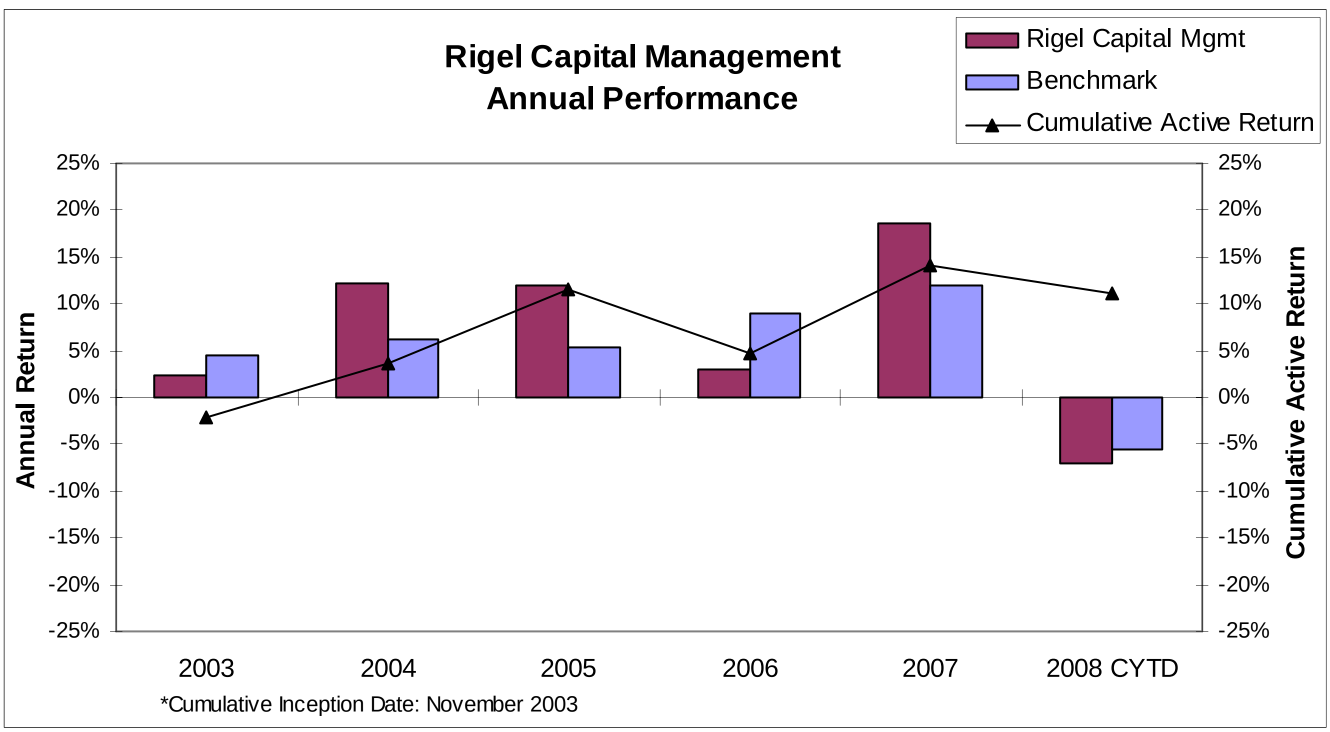
Rigel's investment process begins with a quantitative screen of all companies within the market cap boundaries of the strategy. The resulting list of companies is then ranked based on the growth characteristics and price/volume factors of the individual stocks. Fundamental analysis is used to select those stocks believed to hold the greatest potential in the current market environment. The final stage of the stock selection process focuses on risk controls that look closely at the tradeoff of growth potential versus predictability, and incorporate cyclical and seasonal considerations. The portfolio holds 50-65 stocks. Changes are made based on new information and changes in the market environment.

Rigel showed very strong performance in 2007, ending the year 6.69% ahead of the benchmark. However, the portfolio lagged the benchmark by 1.48% during the volatile first quarter of 2008. Most of the underperformance is attributable to poor stock selection in the Health Care and Information Technology sectors, which were two of the best sectors in 2007. Rigel has outperformed the benchmark by 1.89% annualized since its November 1, 2003 inception date. Assets managed for CalPERS as of April 30, 2008 were $216 million.

Time Period	Manager Annualized Return	Benchmark Annualized Return	Excess Return
FYTD 2008*	1.81%	-2.29%	**4.10%**
One Year	4.07%	-0.16%	**4.23%**
Since Inception	8.79%	6.90%	**1.89%**

**through April 30, 2008; performance is net of management fee.*

The chart below shows Rigel Capital Management's performance versus its benchmark. The axis on the left measures the manager's annual performance against its benchmark. The right axis measures Rigel's cumulative performance relative to its benchmark.



9. Shenandoah Asset Management – U.S Equity

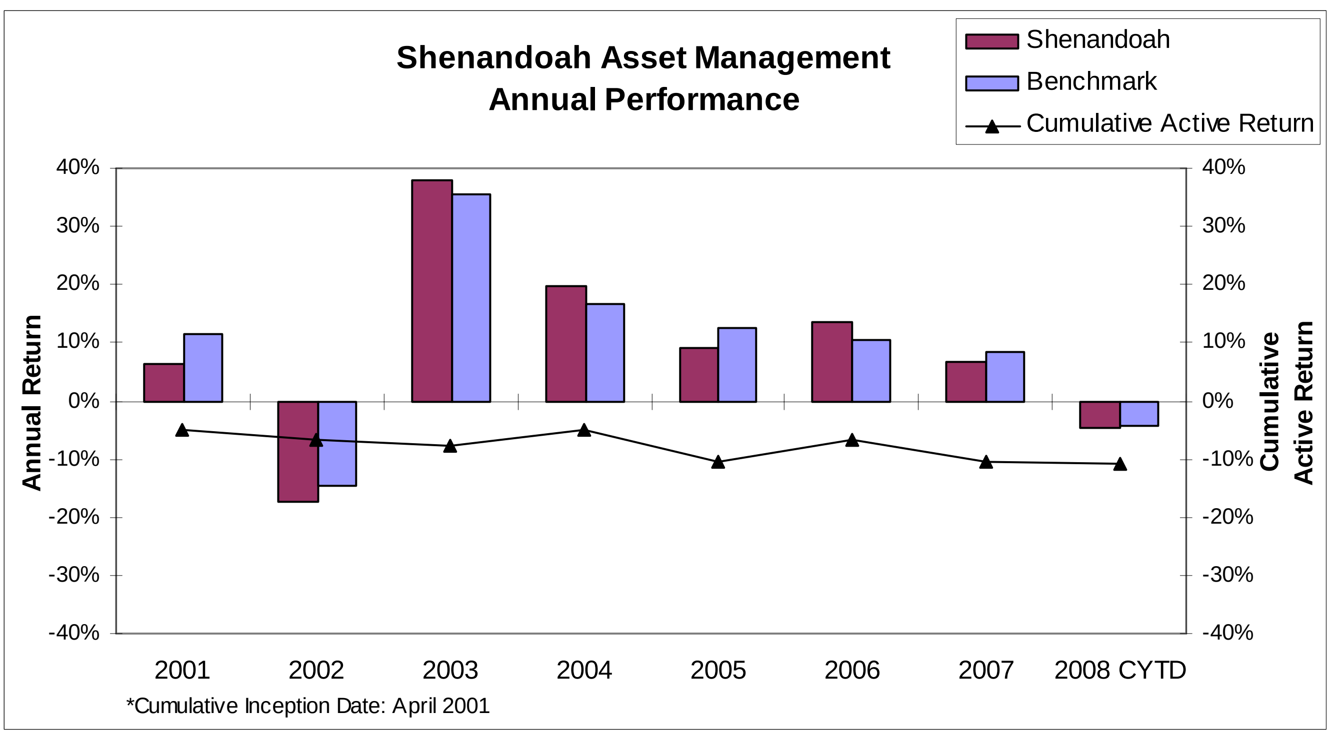
Shenandoah's quantitative multi-factor investment process uses information based on earnings expectations, insider trading, dividend discount model valuation, and cash flow analysis to determine if a stock is mispriced. The earnings model has the highest order of impact on return and is based on earnings revisions one to two years out and earnings surprise. The insider model evaluates seven factors to determine if insider activity is significant with regard to the direction of future price. Stocks are then ranked based upon their expected alpha and the highest ranking positive alpha stocks are incorporated into the portfolio using an optimizer to manage size, beta, and sector risk, as well as risk exposures. Tracking error is approximately 4% and the portfolio is re-balanced monthly.

Performance results for Shenandoah's mid cap portfolio have been mixed since its April 1, 2001 inception date. In 2003, several refinements were made to the investment process. Performance has improved since that time but it has not been consistent, particularly in 2007 when Shenandoah's style (growth at a reasonable price) was out of favor for most of the year. Performance for the first quarter of 2008 was 0.37% above benchmark but turned negative for the calendar year to date in April. Assets managed for CalPERS as of April 30, 2008 were $155 million.

Mid Cap	Manager Annualized Return	Benchmark Annualized Return	Excess Return
FYTD 2008*	-8.67%	-7.59%	**-1.08%**
One Year	-5.82%	-5.60%	**-0.22%**
Since Inception	8.94%	9.83%	**-0.89%**

**through April 30, 2008; performance is net of management fee*

The chart below shows Shenandoah's performance versus its benchmark. The left axis measures annual performance; the right axis measures cumulative performance.



10. Smith Asset Management – U.S. Equity

Large Cap Core – Smith's investment process focuses on identifying high quality companies with a market capitalization over $2 billion which are expected to generate excess investment returns through positive earnings surprises. Smith's investment process utilizes a proprietary Earnings Surprise Predictor that seeks to identify those companies that will produce excess returns through the generation of above-expectation earnings rates. Smith further utilizes traditional fundamental security analysis to select portfolio candidates from the remaining universe of companies.

SMID Cap Core – Smith's SMID product utilizes the same process as the large cap core but focuses on stocks with a market capitalization between $100 million and $1.5 billion. Both portfolios were funded on December 1, 2003.

Smith's Large Cap Growth product has outperformed its benchmark by 1.34% on an annualized basis since inception. The SMID portfolio has underperformed its benchmark by -0.46% on an annualized basis since inception; however this underperformance can be attributed to the past six months where most quantitative strategies struggled. Although both products struggled in the first part of 2008, the impact of this market environment was even more severe within the small capitalization universe, thus explaining the SMID portfolio's poorer performance. As of September 2007, the SMID portfolio was outperforming its benchmark by 1.20% since inception. Assets managed for CalPERS as of April 30, 2008 were $177 million in large cap portfolio and $59 million in smid cap.

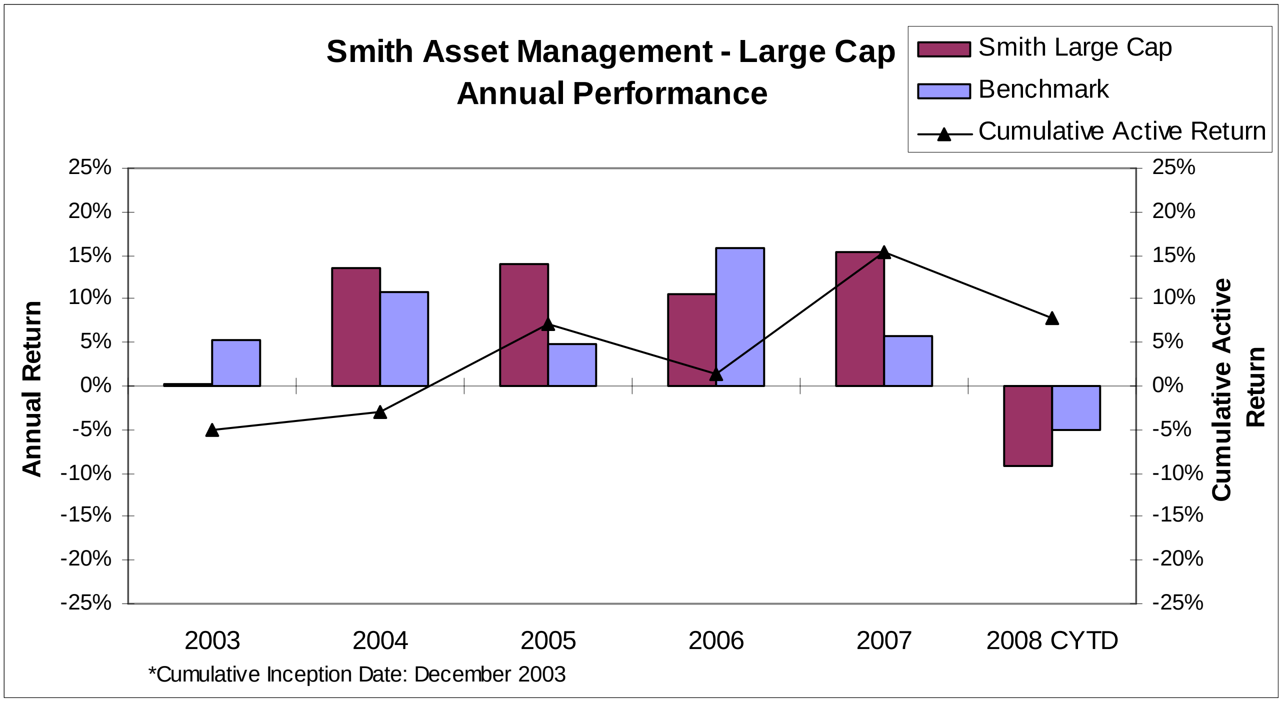
Large Cap Core	Manager Annualized Return	Benchmark Annualized Return	Excess Return
FYTD 2008*	-6.28%	-6.40%	**0.12%**
One Year	-2.84%	-4.63%	**1.79%**
Since Inception	9.64%	8.30%	**1.34%**

. **through April 30, 2008; performance is net of management fee*

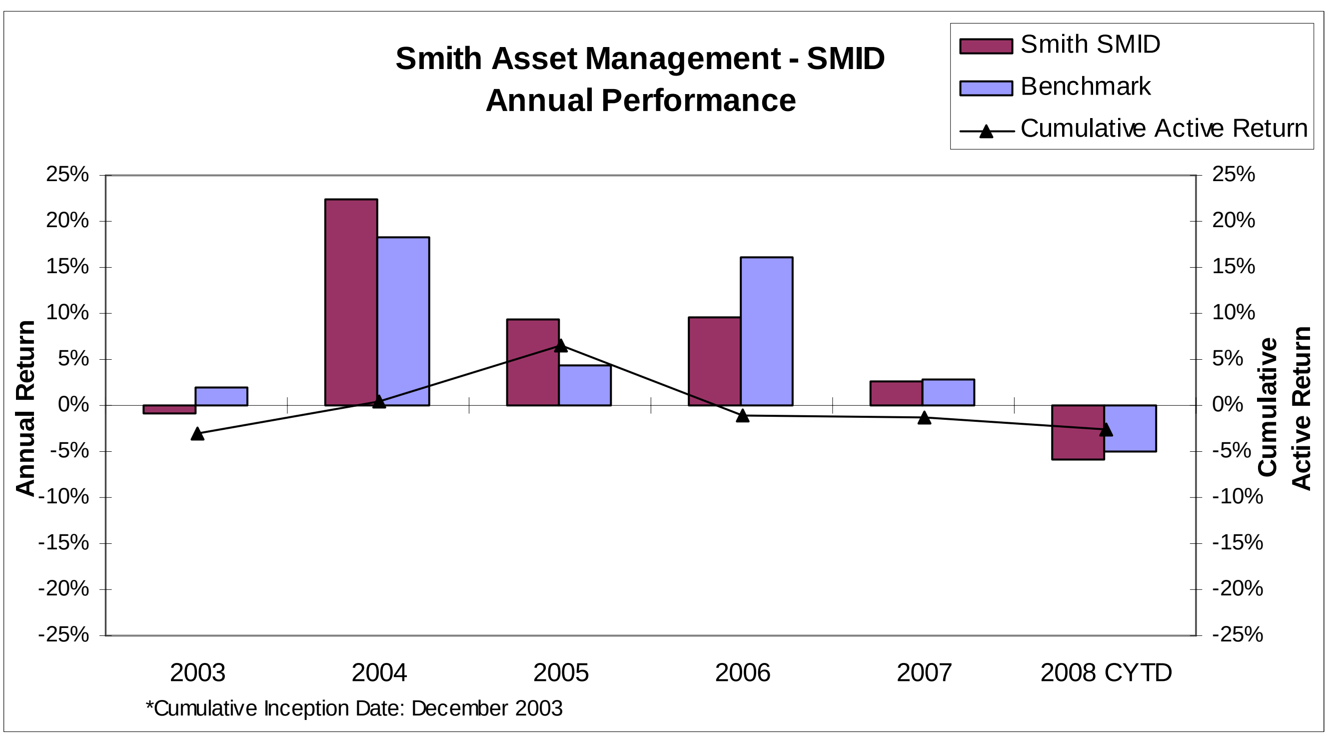
SMID Cap Core	Manager Annualized Return	Benchmark Annualized Return	Excess Return
FYTD 2008*	-13.77%	-10.87%	**-2.90%**
One Year	-8.80%	-8.11%	**-0.69%**
Since Inception	7.98%	8.44%	**-0.46%**

**through April 30, 2008; performance is net of management fee*

The chart below shows Smith Asset Management Large Cap portfolio's performance versus its benchmark. The axis on the left measures the manager's annual performance against its benchmark. The right axis measures Smith Large Cap's cumulative performance relative to its benchmark.



The chart below shows Smith Asset Management SMID portfolio's performance versus its benchmark. The axis on the left measures the manager's annual performance against its benchmark. The right axis measures Smith SMID's cumulative performance relative to its benchmark.



11. Stux Investments – U.S. Equity

Stux Investments, funded February 1, 2004, uses a two step quantitative approach to evaluate a large universe of domestic equity securities for sources of excess return. The strategy first employs a multi-factor model of macroeconomic and fundamental information to generate attractiveness signals for industry sectors. The sectors are then either over or underweighted, relative to the benchmark, based on the model's signals. The second step of the process is a stock selection overlay model which establishes links between 26 stock specific factors to calculate a "predicted alpha". Stocks within each sector are then ranked according to their predicted alpha and then either over or underweighted. The portfolio consists of a large number of stocks, ranging from 300 to 400. The sector rotation model is rebalanced on a monthly basis and the stock selection model is rebalanced quarterly.

Stux continuously incorporates enhancements to their model, adding a stock selection overlay model and more recently incorporating a more "concentrated" version of the portfolio by reducing the portfolio holdings from 1000 to 300. The model enhancements were implemented to both improve performance and minimize risk. Stux is one of the relatively few quantitative managers to outperform its benchmark in the challenging 2007-2008 time period. Assets managed for CalPERS as of April 30, 2008 were $273 million.

Time Period	Manager Annualized Return	Benchmark Annualized Return	Excess Return
FYTD 2008*	-4.67%	-6.16%	**1.49%**
One Year	-3.04%	-4.43%	**1.39%**
Since Inception	7.57%	7.39%	**0.18%**

**through April 30, 2008; performance is net of management fee.*

The chart below shows Stux Investment's performance versus its benchmark. The left axis measures annual performance; the right axis measures cumulative performance.